

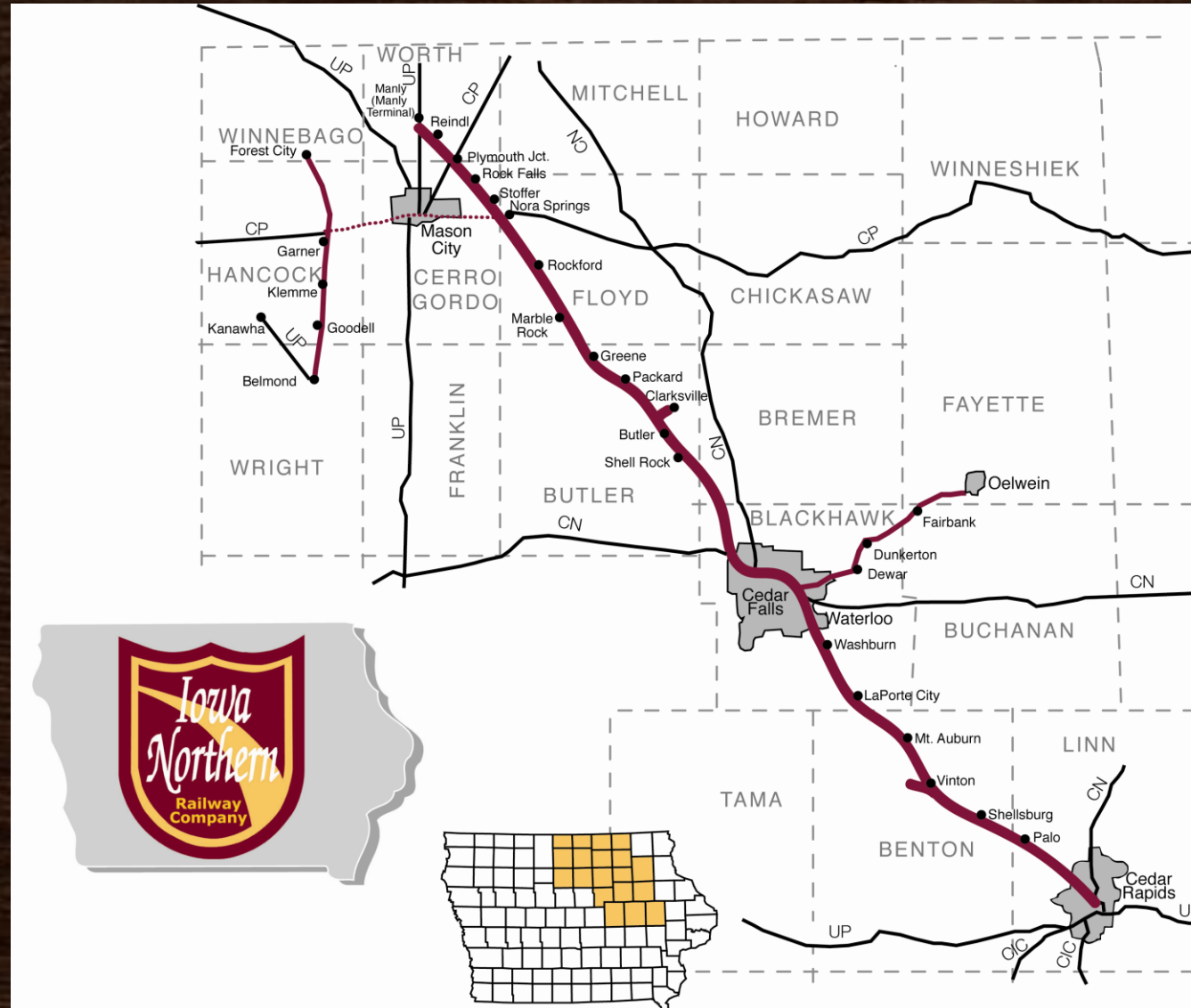
IOWA NORTHERN RAILWAY COMPANY

DAN SABIN PRESENTATION TO IOWA DOT  
FREIGHT ADVISORY COUNCIL

FEBRUARY 13, 2013

Plan for a Regional Intermodal  
Facility—Manly, Iowa

# Iowa Northern serves the Northeast and North Central Iowa Counties





# The Problem: Iowa ships out far more goods than it receives.

- The availability of efficient international and domestic containerization of freight will dictate success or failure to most shipping companies. Efficient logistical access will be the primary factor in locating a new business or expanding an existing one.
- Iowa is a small consumption state (from a global trade standpoint), so it has a severe imbalance of inbound vs. outbound containers. According to US Census Bureau Data, the 2011 ratio of non-bulk international commerce (statewide) in Iowa is 1:3 inbound to outbound. This creates a severe shortage of empty containers available to Iowa producers for loading. Empty containers must be shipped or “drayed” into Iowa to meet demand. This dramatically increases cost.
- Because of the lack of nearby intermodal facilities, Iowa industries have a distinct disadvantage compared to those in other states that have efficient logistical services. In many cases, Iowa business have no other option than expensive trucking of their products.



# The Solution: Establish a regional intermodal facility in North Iowa.

- Minnesota's international commerce is opposite that of Iowa. The 2011 ratio of non-bulk international commerce (statewide) in Minnesota is 6:5 inbound to outbound.
- Taking a regional approach with consolidation of the two states provides an almost even match of 7.2 : 7.6 inbound to outbound, or 1:1.
- A new, efficient intermodal terminal in North Central Iowa can draw inbound and outbound container loads from a widespread region including most of Iowa and the Southern Half of Minnesota.
- The entire bi-state region lacks direct intermodal service to/from Texas/Mexico and California which can be provided through a North Iowa facility.



Based on the values of imports and exports, we can extrapolate the import and export value ratios

Value of International Commerce  
in Millions of Dollars

	Imports	Exports	Ratio
Iowa	8,240	13,307	8:13
<u>Less Bulk</u>	<u>-6,746</u>	<u>-10,411</u>	
Net Iowa	1,494	2,896	1:3
Minnesota	33,124	20,319	33:20
<u>Less Bulk</u>	<u>-27,456</u>	<u>-15,654</u>	
Net Minnesota	5,668	4,665	6:5
Combined Net	7,162	7,561	7.2:7.6 (1:1)

Source: US Census Bureau  
Foreign Trade Statistics for 2011

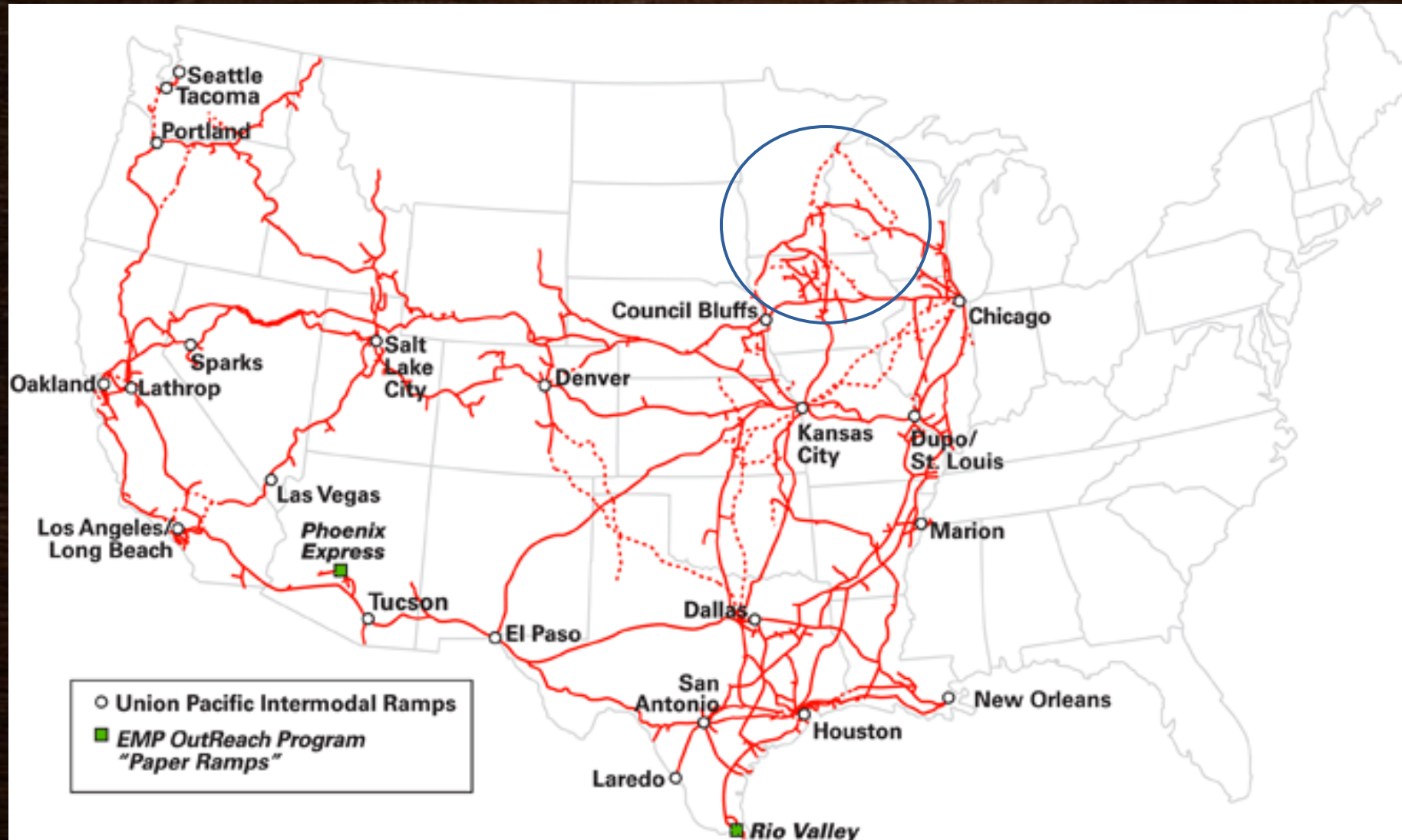


## Manly Terminal and Manly Logistics Park can provide the footprint for a world class regional intermodal facility

- Iowa Northern Railway Company (IANR) has significant capacity to establish an intermodal facility in North Iowa.
- Iowa Northern connects with the key Class I carriers serving the region. CN and CP's intermodal network serves primarily via Canadian Ports.
- Union Pacific (UP) has a broad intermodal network that covers all but the upper Midwest today. IANR is currently working with UP to consider establishing future competitive service on a regional basis for Iowa and Minnesota on important commercial corridors. A long term relationship between IANR and UP is already in place.
- Consolidation of efforts by various stakeholders to achieve this goal is essential to future state growth. The State of Iowa could participate in funding this project with a high expectation of primary and secondary economic benefits.



# The Iowa Minnesota Region is the only part of the UP System without a meaningful intermodal presence

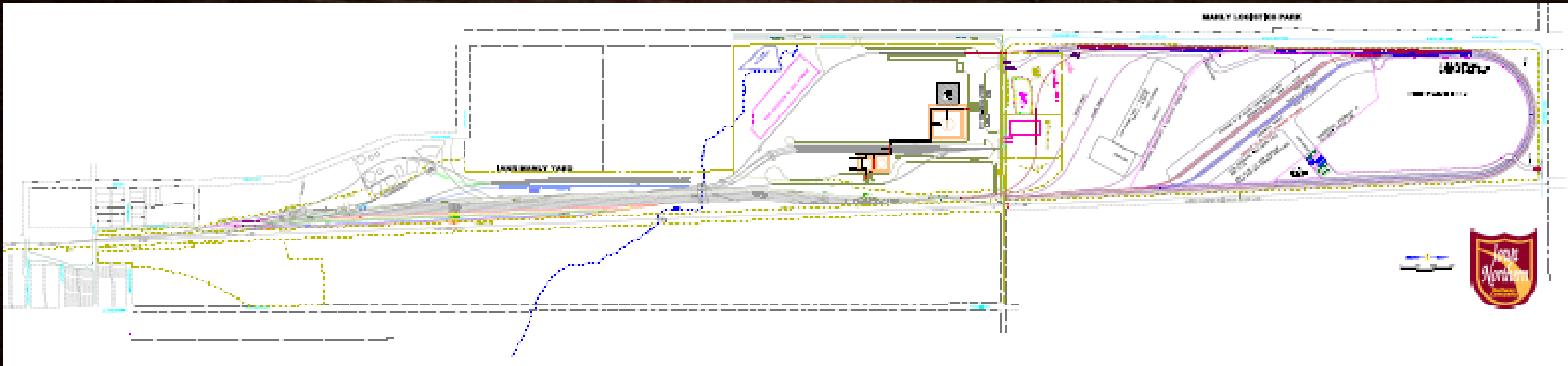


None of the Class I carriers currently provide direct intermodal service between the region and major gateways in California-Texas or Mexico, so this would be a unique transportation service product. These transportation corridors are the most critical to Iowa businesses.



# New intermodal service could begin quickly

- Manly Terminal and adjacent Manly Logistics Park have 260+ acres in place for logistical development. A temporary 30 acre facility could begin operation within 90 days to provide regional shippers with intermodal service to major destinations, beginning with California.
- Over a period of five years, annual investment of \$5 million per year could result in a world-class facility capable of handling over 250,000 lifts annually, including a free trade zone.





Iowa Northern and Manly Terminal already provide logistics support for thousands of carloads annually with various liquid and bulk commodities. New industries will break ground in early 2013 to dramatically grow this activity.





# Iowa Northern provides significant logistical service already





Iowa Northern's has just completed major expansion of Manly Yard with capacity to support the growing logistical opportunities



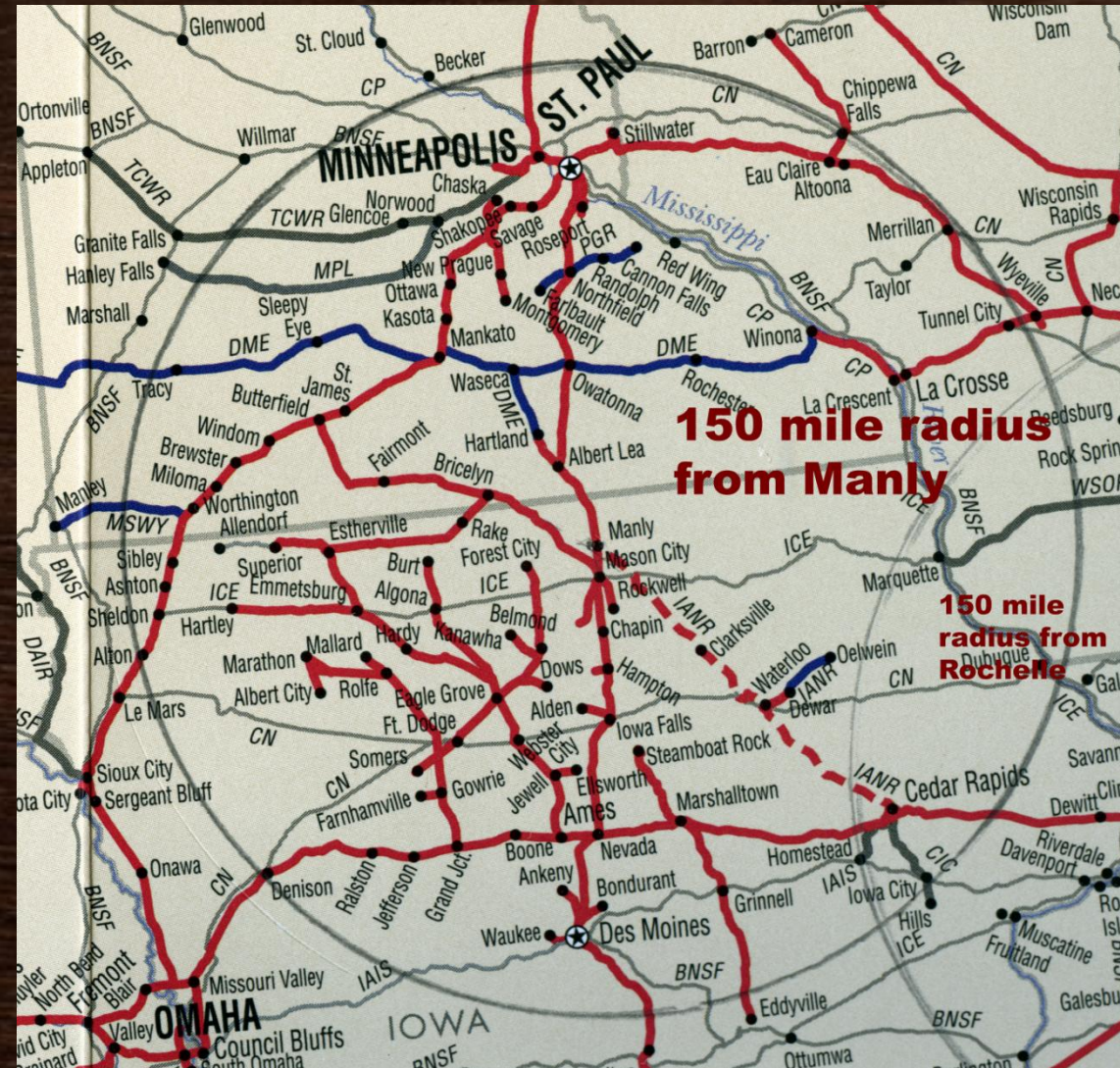


# Why Build this in Manly?

- A major regional intermodal facility at Manly provides a best regional approach to solving the container imbalance situation.
- An intermodal terminal at Manly would be a regional facility, not just an Iowa facility. It would also become a major trucking center, with high potential for major warehousing and distribution centers nearby.
- Near the northern border of the state, Manly is at the commercial center of major manufacturing, production and consumption in the region, primarily composed of the northern half of Iowa and Southern third of Minnesota.
- Manly is close to I-35, I-90 and The Avenue of the Saints.
- Manly is exactly half-way between Cedar Rapids/Des Moines and Minneapolis. The overlap is critical to get the necessary volume of business.
- The <130 miles from Des Moines/Minneapolis to Manly is significantly less than highway (dray) miles to Chicago. (DSM-Chicago=335 miles, MSP-Chicago=410 miles).
- A Manly Based Container Yard can position empty containers within reasonable reach for a predominant number of Iowa and Minnesota shippers.



Manly is an ideal location for an intermodal terminal bringing Minnesota commerce into Iowa to reduce costs to Iowa businesses and producers





# Manly vs. Twin Cities

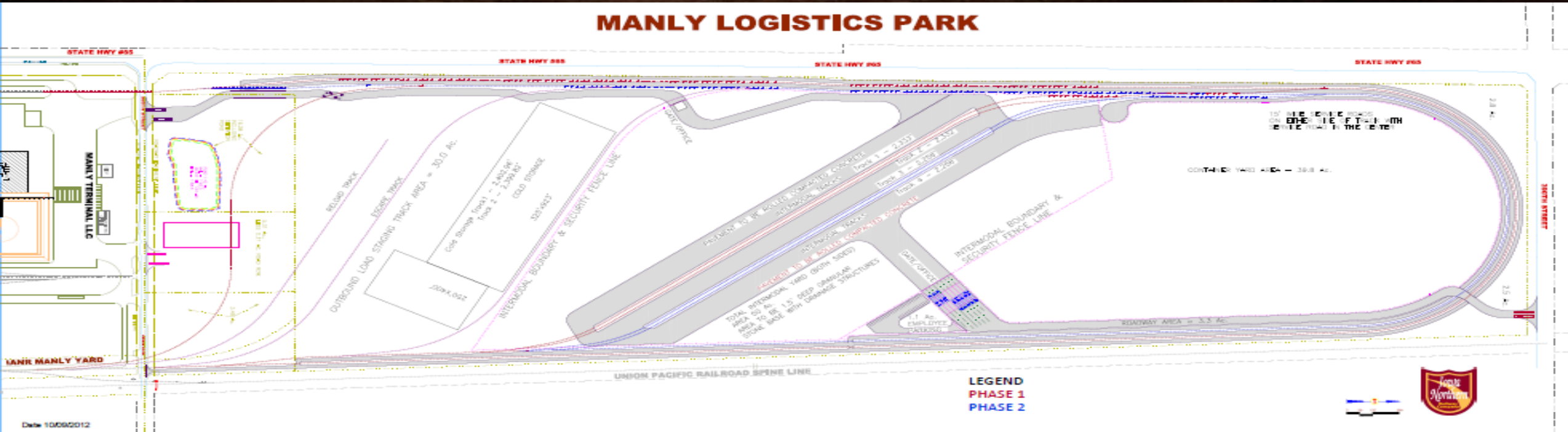
- Existing intermodal facilities in the Twin Cities struggle with road congestion and land-locked facilities.
- The Twin Cities intermodal product does not provide direct service to California or Texas/Mexico. A large volume of traffic is trucked between Minnesota and Texas/California.
- Dray costs with a Manly based trucker could be inherently less expensive than a MSP based trucker.
- Many Minnesota manufacturers/producers are close to Manly.

<u>Production Area</u>	<u>Minneapolis</u>	<u>Manly</u>	<u>Difference</u>
Albert Lea	99	27	-72
Austin	100	54	-46
Mankato	85	95	+10
Owatonna	65	65	0
Rochester	95	95	0
Waseca	75	67	-8



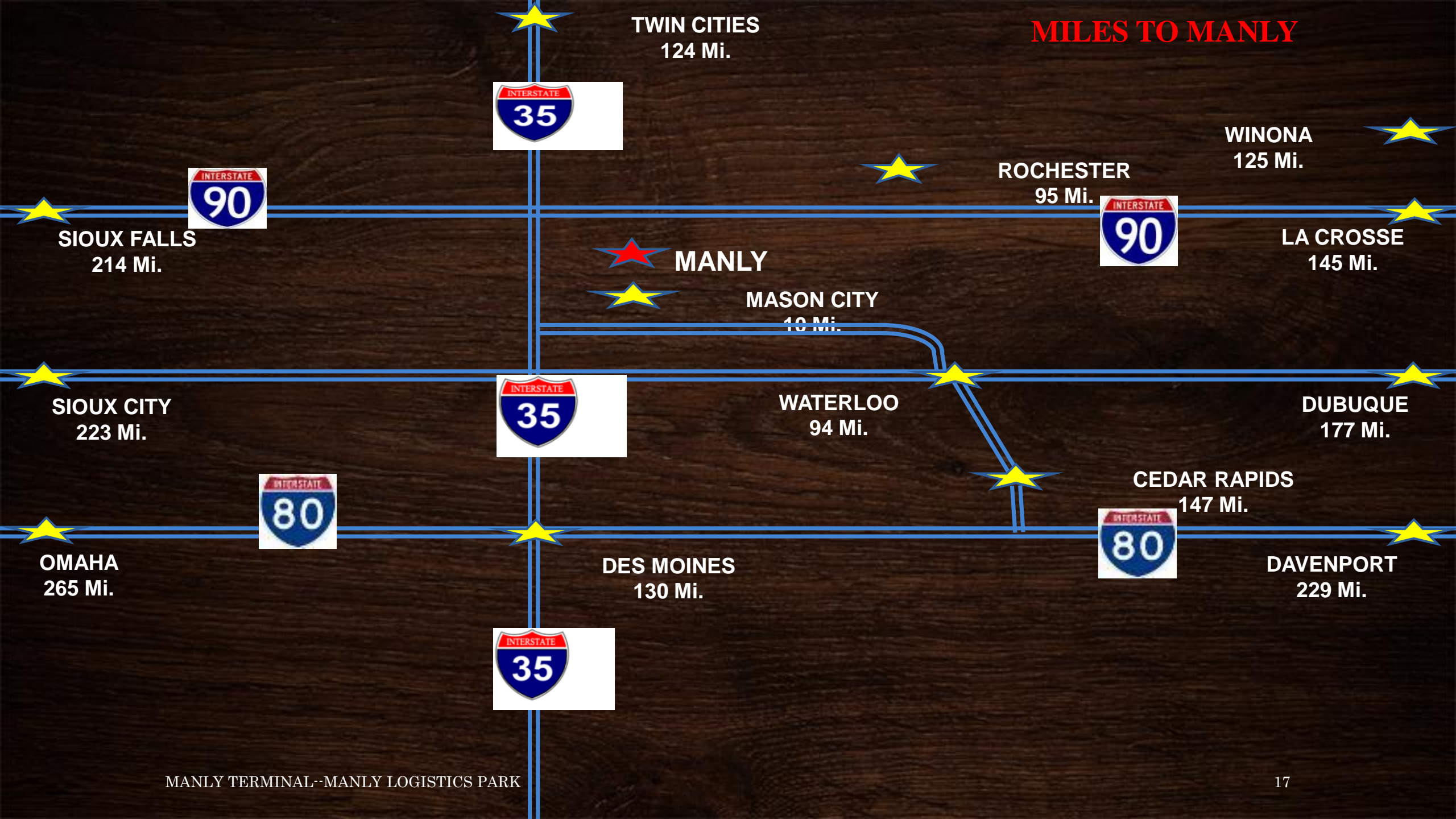
# MLP layout design with intermodal facility

- Major cross dock and warehouse operation planned adjacent to potential intermodal site, allowing consolidation and heavy containers.
- Steel distribution facility adjacent to cross dock.
- Consolidation of temperature controlled food products.
- Major truck base expected near MLP.





MILES TO MANLY





# Benefits

## Benefits to Iowa

- Reduced transportation costs for current and future Iowa businesses
- More competitive values to Iowa produced commodities
- Community Growth
- Broader diversification of new industry for Iowa
- Increased job potential
- Increased tax base
- Substantial increase in economic activity for the state

## Mitigation of future highway congestion





A new North Iowa intermodal facility could be an answer to the economic and transportation needs of Iowa.





# Thanks for your time and attention

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